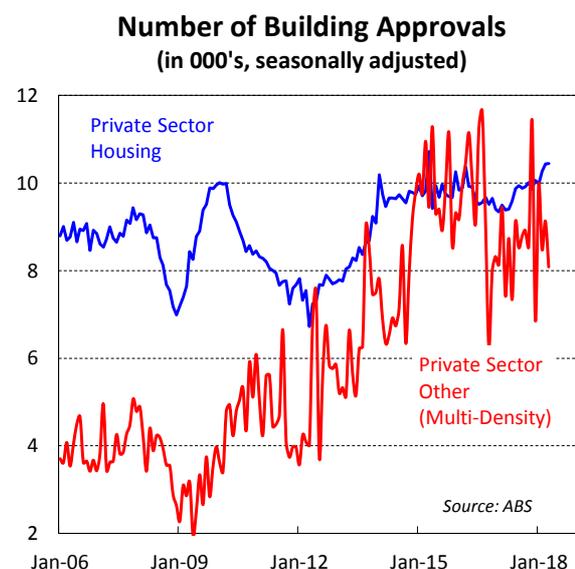
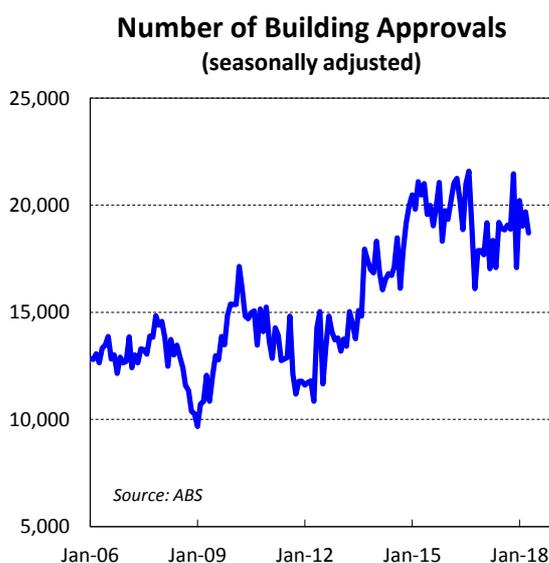


Building Approvals Meandering Slowly Downward

- Building approvals fell by 5.0% in April, following an increase of 3.5% in March. The considerable volatility month-to-month in the dwelling approvals data continues.
- For the year to April, building approvals rose 1.9%. Building approvals peaked in August 2016, but remain at an elevated level on a historical comparison. Building approvals are now 13.4% below their 2016 peak.
- Building approvals are now 13.4% below their August 2016 peak. The downturn is more pronounced in the other (or multi-density) segment, which includes apartments and townhouses. Approvals for the other segment are 31.9% away from their peak while house approvals are only 2.2% away from their peak.
- The fall in building approvals in April was driven by Victoria, with a decline of 7.8%. Approvals increased in all other States. Western Australia led the increase (21.0%), followed by Tasmania (6.0%), NSW (5.7%), South Australia (4.2%) and Queensland (1.2%).
- Nationally, house prices, auction clearance rates and lending indicate housing conditions are softening, which is expected to further weigh on residential construction. Approvals have declined over the past year, suggesting residential construction will weaken further and continue to drag on economic growth.



Building approvals fell by 5.0% in April, following an increase of 3.5% in March. The decline in April was larger than our own and the consensus forecast for a 3.0% fall. The considerable volatility month-to-month in the dwelling approvals data continues.

For the year to April, building approvals rose 1.9%. Building approvals peaked in August 2016, but remain at an elevated level on a historical comparison. Building approvals are now 13.4% below their 2016 peak.

The downturn is more apparent in the other (or multi-density) segment, which includes apartments and townhouses. Approvals for the other segment are 31.9% away from their peak while house approvals are only 2.2% away from their peak.

In the month of April the decline in building approvals was all in 'other' dwelling approvals, which fell 11.6%. House approvals were up 0.7%. Annual growth in approvals of houses stood at 11.3% in April, while approvals for 'other' dwelling declined 8.2% over that time frame.

By State

The fall in building approvals in April was driven by Victoria, with a decline of 7.8%. Approvals increased in all other States. Western Australia led the increase (21.0%), followed by Tasmania (6.0%), NSW (5.7%), South Australia (4.2%) and Queensland (1.2%).

In annual terms, building approvals have fallen in Queensland (-11.5%), NSW (-4.8%) and Western Australia (-3.0%). Meanwhile, building approvals increased in Victoria (27.5%), Tasmania (15.2%) and South Australia (1.9%) in the year to April.

In trend terms, approvals in the ACT jumped by 39.2%, while those in the Northern Territory fell 6.6% in the year to April.

Outlook

Approvals have declined over the past year, suggesting residential construction will weaken further. Nationally, house prices, auction clearance rates and lending indicate housing conditions are softening, which is expected to further weigh on residential construction. Given building approvals remain at an elevated level, however, residential construction will likely continue at above average levels over the coming 12 months. Nonetheless, it is likely to continue to drag on economic growth over that period.

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The Detail

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